

2006-2007 PERFORMANCE PLAN – INVESTMENT MANAGER, ASSET ALLOCATION & RISK MANAGEMENT (Venner)

Quantitative Performance Measures

| Weight | Factor | Performance Measure | Incentive Schedule | Quarterly Status Report |
|--------|------------------------|--|--|-------------------------|
| 25% | Total Fund Performance | Excess return in basis points relative to total fund performance benchmark (SJ1C – CPERSTOT) | -40 basis points = 0 0 basis points = 1.0 +20 basis points = 1.5 | |
| 25% | Subtotal | Quantitative Measures | | |

Qualitative Performance Measures

| Weight | Factor | Performance Measure | Incentive Schedule | Quarterly Status Report |
|--------|------------------|--|--------------------|-------------------------|
| 40% | Asset Allocation | 1. Assess merits of CalPERS investment in global inflation linked bonds (linkers) and timber by 12/31/06. 2. In collaboration with other units, recommend an implementation framework for commodity futures, linkers, and timber. | From Schedule | |
| 20% | Risk Analysis | 1. Monitor and report on early warning indicators to the CIO by 6/30/07. 2. Perform detailed risk-return analysis of CalPERS private equity portfolios to improve decision-making by 3/31/07. | From Schedule | |
| 15% | Leadership | TBD | | |
| 75% | Subtotal | Qualitative Measures | | |
| 100% | Total | Quantitative and Qualitative Measures | | |

Supervisor's Approval:

Original signed by Pat Pinkos

Date: June 7, 2006